

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 SSO-00 EA-10 /124 W
-----105213 271912Z /42

P 271836Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 2621
INFO AMEMBASSY JAKARTA

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: INDONESIA BILATERAL- JULY 25

REF: (A) STATE 186836; (B) GENEVA 9489; (C) GENEVA 10148

1. SUMMARY: INDONESIA PRESENTED ADDITIONAL INDUSTRIAL
TARIFF REDUCTIONS FOR U.S. TO CONSIDER AS CONTRIBUTION
TO MTN AND QUERIED AS TO STATUS OF RESPONSES TO
INDONESIA'S REQUESTS FOR IMPROVEMENTS IN U.S. OFFER.
AMB. KAHONO HAS NOT YET RECEIVED INSTRUCTIONS TO PARTICI-
PATE IN WASHINGTON DISCUSSION SUGGESTED REF (A) AND HAS
NOT BEEN FORMALLY ASKED TO PREPARE INPUT FOR DETAILED
WASHINGTON DISCUSSION. END SUMMARY.

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2. U.S. DEL (WALLAR) MET WITH INDONESIAN AMBASSADOR
KAHONO AND MESSRS. PALILINGAN AND MOEZDANI ON JULY 25
TO REVIEW EVENTS OF JULY NEGOTIATING SESSIONS AND STATUS
OF TARIFF OFFERS. AMB. KAHONO RESPONDED TO U.S. QUESTION
ON PREPARATION FOR WASHINGTON U.S.-ASEAN MINISTERIAL
MEETING BY COMMENTING THAT GENEVA ASEAN COMMITTEE HAS
OFFERED BUT HAS NOT BEEN REQUESTED TO MAKE A SPECIAL

INPUT FOR ASEAN COORDINATING MEETING IN MANILA.
KAHONO INDICATED THAT WHILE HE HAD NOT BEEN INSTRUCTED TO ATTEND WASHINGTON SESSION HE WAS PREPARED FOR POSSIBLE LAST MINUTE INSTRUCTIONS TO PARTICIPATE IN WASHINGTON MEETINGS.

3. U.S. MTN DEL REVIEWED JULY NEGOTIATING EVENTS AND EXPLAINED STATE OF FRAMEWORK OF UNDERSTANDING ISSUED BY CERTAIN DEVELOPED COUNTRIES. KAHONO ASKED NUMEROUS QUESTIONS INCLUDING THE EXTENT TO WHICH SPECIAL AND DIFFERENTIAL TREATMENT WAS TAKEN INTO ACCOUNT IN THE DRAFTING SESSIONS ESPECIALLY IN THE DEVELOPMENT OF A SUBSIDIES/COUNTERVAILING DUTY TEXT. U.S. DEL POINTED TO DOCUMENTS WHICH INCLUDED A NUMBER OF PROVISIONS FOR SPECIAL AND DIFFERENTIAL TREATMENT.

4. ON TARIFFS KAHONO QUERIED ABOUT POSSIBLE IMPROVEMENTS TO U.S. TARIFF OFFER. U.S. DEL NOTED THAT U.S. AGRICULTURAL OFFER HAD BEEN IMPROVED DRAMATICALLY FOR INDONESIA SINCE IT WAS INITIALLY TABLED, BUT THE INDUSTRIAL OFFER WAS DIFFICULT TO IMPROVE OR EVEN MAINTAIN IN LIGHT OF LACK OF INDONESIA'S CONCESSIONS ON ITEMS OF PARTICULAR EXPORT INTEREST TO THE UNITED STATES. KAHONO REFERRED TO CONCESSIONS PREVIOUSLY OFFERED (REFS (B) AND (C)). KAHONO ALSO NOTED THAT ON AIRCRAFT TIRES SUBJECT TO U.S. REQUEST, THE TARIFF RECENTLY HAD BEEN REDUCED TO LIMITED OFFICIAL USE

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ZERO AND INDONESIA IS WILLING TO OFFER BINDING THIS TARIFF AT ZERO. FURTHERMORE, INDONESIA IS WILLING TO BIND THE 30 PERCENT TARIFF ON INTERCHANGABLE HAND TOOLS ALSO SUBJECT TO A U.S. REQUEST. KAHONO SAID THAT A CONCESSION ON LIQUID ELEVATORS IS NOT YET POSSIBLE, BUT HOPES TO BE IN POSITION TO OFFER A TARIFF REDUCTION AND BINDING IN THE FUTURE. IN ADDITION TO THESE REDUCTIONS, KAHONO SAID THAT THE FOLLOWING TARIFF REDUCTIONS HAD TAKEN PLACE WITHIN RECENT MONTHS AND SHOULD BE CONSIDERED AS AN INDONESIAN CONTRIBUTION TO THE MTN:

CCCN	PRODUCT	PREVIOUS DUTY	NEW DUTY
-	-	DUTY	DUTY

15.04.10	COD LIVER OIL	40 PERCENT	20 PERCENT
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28.23.00	IRON OXIDE MAGNETIC	15	5
-	PIGMENT		

39.02.82	PLASTIC POLYESTER	60	30
-	SHEET		

39.01.10 AICA NEORESIN-A 30 20
- FINOLIC RESIN

40.06.30 AICA NEOPRENE-B 40 20

40.11.80 AIRCRAFT TIRES 100 RP 0

85.04.10 AIRCRAFT BATTERIES 10 0

39.07.90 SHEER SLID FILM 60 30

39.02.89 DELINET POLYNETTING 60 30

39.02.89 BLUE POLYSHIELD 60 30
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INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 SSO-00 /124 W
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48.01.85 ABSORBENT PAPER 60 30

48.15.95 PRINTED GLYCINE TOP 60 30
- WRAPPING

48.15.95 PRINTED GLYCINE COATED 60 30
- BOTTOM WRAPPING

48.15.95 RELEASE PAPER 60 30

88.03.00 PARTS OF AIRCRAFT 10 0

48.15.95 CREPE TAPE PAPER 60 0

85.20.10 ELECTRIC LIGHT BULBS 60 20

(NOTE: ALTHOUGH ONLY SOME STATISTICS ARE AVAILABLE
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SINCE THESE ITEMS REFER TO PARTIAL CCCN CATEGORIES IT
IS CLEAR THAT THE AIRCRAFT TIRE CONTRIBUTION COVERS
\$46,000 OF U.S. EXPORTS, PARTS OF AIRCRAFT - \$1.6
MILLION, LIGHTBULBS - \$53,000, AND HAND TOOLS - \$3.0
MILLION). IN ADDITION, INDONESIA IS OFFERING A TARIFF
BINDING OF THE FOLLOWING ITEMS:

CCCN	PRODUCT	TARIFF
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84.06	INTERNAL COMUSTION ENGINES - C/D - 10 PERCENT OVER 1,000 BHP BUT NOT OVER 1,500 BHP)	
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84.14	FILTERING MACHINERY	30 PERCENT
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84.36	TEXTILE SPINNING & TWISTING MACHINERY	10
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84.01	GENERATING SETS OVER 900 KILOWATTS	10
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87.01	AGRICULTURAL TRACTORS CKD	10 AND 20
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90.07	OTHER PHOTO GRAPHIC CAMERAS,	50
-	PHOTOGRAPHIC FLASHLIGHT APPERATUS	

90.08	CINEMATOGRAPHIC CAMERAS - 8 MM	50
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90.09	TRANSPARENCY PROJECTORS	50
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5. IN FOLLOW-UP TO PREVIOUS CONVERSATION REGARDING
INDONESIA'S REQUEST FOR EX-OUT OF SHRIMP CHIPS, MR.
PALILINGAN SAID THAT THE MAIN COMPONENT OF SHRIMP
CHIPS IS TAPIOCA FLOUR, WITH OTHER INGREDIENTS OF
SHRIMP AND SALT. HE HOPES THAT THIS WOULD BE SUFFICIENT
INFORMATION FOR UNITED STATES TO MAKE A JUDGEMENT AS
TO THE TARIFF CLASSIFICATION FOR POSSIBLE EX-OUT.

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6. AMB. KAHONO URGED THAT THESE CONTRIBUTIONS BE CONSIDERED BY THE U.S. SO THAT THE U.S. CAN IMPROVE ITS OFFER ON ITEMS REQUESTED BY INDONESIA. HE MENTIONED THAT THIS ISSUE MIGHT BE TAKEN UP BY THEIR EMBASSY IN WASHINGTON.

7. COMMENT: INDONESIA HAS BEEN MAKING A SUBSTANTIAL EFFORT TO ENGAGE IN TRUE NEGOTIATIONS BUT OBVIOUSLY IS DISAPPOINTED BY LACK OF U.S. RESPONSE. INDONESIA IS NOW MAKING CONTRIBUTIONS ON INDUSTRIAL ITEMS SPECIFICALLY REQUESTED BY THE U.S. WHILE ALSO MAKING OFFERS ON MANY OTHER ITEMS OF EQUAL, IF NOT GREATER, TRADE SIGNIFICANCE THAN SOME OF THOSE ITEMS REQUESTED. WHILE STATISTICS ARE DIFFICULT TO ASSESS SINCE MANY REDUCTIONS ARE ON PARTIAL TARIFF LINES, INDUSTRIAL TARIFF CONCESSIONS BY INDONESIA COVER U.S. EXPORTS OF APPROXIMATELY \$11.4 MILLION JUST COUNTING AIRCRAFT PARTS, DMT AND HAND TOOLS, WHICH EXCEEDS U.S. INDUSTRIAL OFFER OF \$10.3 MILLION. INDONESIA HAS BEEN TAKING A DIFFERENT APPROACH TO THESE NEGOTIATIONS FROM ITS OTHER ASEAN COLLEAGUES BY TRYING TO ELICIT U.S. IMPROVEMENT BY ACTIVELY ENGAGING IN NEGOTIATIONS AND MAKING CONTRIBUTIONS TO THE MTN. PERHAPS THE RATIONALE FOR THIS IS THAT SINCE INDONESIA HAS A RELATIVELY SMALL TRADE INTEREST WITH THE UNITED STATES AND IS NOT A PRINCIPAL SUPPLIER ON SIGNIFICANT ITEMS, THEY HAVE NOTHING TO LOSE AND INDEED HAVE TO BE AGGRESSIVE IN ORDER TO EKE OUT BENEFITS FROM U.S. TARIFF REDUCTIONS. IF U.S. CAN BE RESPONSIVE TO CERTAIN INDONESIAN REQUESTS THIS MAY PROVIDE INCENTIVE FOR OTHER ASEAN COLLEAGUES TO ALSO TAKE A MORE AGGRESSIVE STANCE IN THE NEGOTIATIONS RATHER THAN HOLDING BACK. U.S. MTN DEL URGES THAT FAVORABLE CONSIDERATION BE GIVEN TO THE INDONESIAN REQUESTS, ESPECIALLY EX-OUT OF SHRIMP CHIPS AND HAND-PAINTED BATIK ITEMS. AMB. KAHONO PLANS TO BE AVAILABLE

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IN AUGUST TO ENGAGE IN SUBSTANTIVE NEGOTIATIONS.

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FM USMISSION GENEVA

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INFO AMEMBASSY JAKARTA

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6. DRAFTED BY WALLAR. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, MINISTERIAL MEETINGS, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA11598
Document Source: CORE
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Film Number: D780308-0912
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
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Legacy Key: link1978/newtext/t19780715/aaaaammo.tel
Line Count: 307
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Litigation Codes:
Litigation History:
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Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Reference: 78 STATE 186836, 78 GENEVA 9489, 78 GENEVA 10148
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Review Content Flags:
Review Date: 05 may 2005
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1871161
Secure: OPEN
Status: NATIVE
Subject: INDONESIA BILATERAL- JULY 25
TAGS: ETRD, MTN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/ae3fd76b-c288-dd11-92da-001cc4696bcc
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